



**Director of
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JAPAN: Election Victory for Nakasone

Prime Minister Nakasone's Liberal Democratic Party expanded its majority in the Upper House of the Diet in yesterday's elections. [redacted]

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Nakasone's party ran strongly nationwide despite the lowest voter turnout of the postwar era. The count is not completed, but it already is clear that the Liberal Democrats now firmly control both houses of the Diet. The largest opposition party, the Japan Socialist Party, suffered setbacks. [redacted]

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Comment: The victory is due in part to Nakasone's increased popularity following his trips to Southeast Asia and the US in May. It also reflects voter dissatisfaction with the opposition parties and recent changes in the election law that increased the difficulties of small parties and independents. [redacted]

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The Upper House plays only a secondary role in legislation, so the increased Liberal Democratic Party strength will not greatly assist Nakasone with his programs. The Prime Minister will benefit, however, from media portrayals of the election as a referendum on his administration and can call the results an endorsement of his policies.

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Intraparty rivalries now probably will intensify. Nakasone's pledge not to call elections immediately—they are not required until next June—is likely to be viewed by former Prime Minister Tanaka as a personal rebuff. Other faction leaders will try to seek new accommodations with Nakasone. [redacted]

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Nakasone also is seeking to improve contacts with the opposition parties. [redacted]

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CHAD: Preparations by Dissidents

The Libyan-backed dissidents are consolidating their control over Faya-Largeau and preparing for further advances against President Habre's forces. [redacted]

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Chadian officials are expecting the dissidents to push through Fada toward Abeche in eastern Chad. [redacted]

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At least some of Habre's troops retreated from Faya-Largeau and are regrouping at Koro Toro about 200 kilometers south. Chadian officials say they are attempting to reinforce the survivors but lack adequate communications, supplies, and transportation. About 300 additional men were sent north Friday, but most lacked weapons.

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In response to Habre's call for OAU assistance, OAU Chairman Mengistu of Ethiopia has appealed to all powers to refrain from intervening in Chad. The US Embassy in Addis Ababa says the OAU has not called for any specific action or set in motion any mechanism to deal with the crisis. [redacted]

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Comment: Habre's capital of N'Djamena is vulnerable but not immediately threatened. The rebels probably will try to isolate N'Djamena by first cutting access to Habre's former safehaven near Abeche. The government's logistic problems soon may force the troops at Koro Toro to withdraw closer to the capital. [redacted]

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The Libyans probably are preparing the airfield at Faya-Largeau for resupply flights to the dissidents. Libyan logistic support, equipment, and advisers so far have made a critical difference for the rebels and will become even more important for a move farther into Chad. [redacted]

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IRAN: Seeking Wider Foreign Contacts

The US Embassy in Tokyo reports that Iranian Deputy Foreign Minister Ardebili recently indicated to Japanese officials that Tehran wants to improve its relations with some key industrialized nations. Ardebili said Iran was particularly interested in expanding contacts with Japan, West Germany, and Canada, although Canada would first have to apologize for its role in the US hostage crisis. He indicated that Iran has no intention of opening a dialogue with the US and ruled out closer ties with France while it supplies arms to Iraq. Iran's imports from Western countries and Japan already have doubled during the first quarter of 1983—to over \$2.3 billion—compared with the same period last year. [REDACTED]

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Comment: The resurgence of Iranian oil revenues over the past year and Tehran's new emphasis on economic development will give Western countries and Japan new opportunities for trade with Iran. Tehran needs Western equipment, technology, and skilled labor to realize its economic goals. Political relations, however, are not likely to keep pace with expanded trade. Some Iranian leaders remain opposed to moves that would draw Iran closer to either the West or the East. [REDACTED]

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ASEAN: Foreign Ministers' Meeting

ASEAN Foreign Ministers on Saturday issued a communique at the end of their two-day conference in Bangkok reiterating their countries' longstanding insistence on a total withdrawal of Vietnamese troops from Kampuchea. The Ministers endorsed a proposal by the Thai Foreign Minister that Vietnamese forces withdraw to positions 30 kilometers from the Thai-Kampuchean border as a first step toward a complete pullout and a political settlement. [REDACTED]

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Comment: The ASEAN proposal is intended to create the appearance of flexibility and put responsibility for lack of progress on the Vietnamese. Hanoi is unlikely to agree to any pullback depicted as a prelude to total withdrawal. [REDACTED]

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PHILIPPINES: Opposition Leader's Plans

Moderate opposition leader Benigno Aquino told senior US officials on Thursday he plans to leave the US and return to Manila in August to participate in the National Assembly elections scheduled for next May. Aquino was released from jail by President Marcos in 1980 to come to the US for heart surgery. He faces imprisonment in the Philippines on charges of murder and subversion. Last month Mrs. Marcos reportedly met with Aquino in New York and warned him not to return. [REDACTED]

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Comment: Aquino's political position has been hurt by his long exile. He probably believes he has to return home soon if he is to play a role in the post-Marcos era. Marcos has been encouraging opposition participation in the elections, and he would risk an election boycott if he imprisoned Aquino. If he allowed him to remain free, Aquino could be a unifying force for the faction-ridden moderate opposition. [REDACTED]

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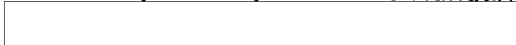
**CZECHOSLOVAKIA-EC: Interest in Trade Concessions**

Czechoslovakia last week approached the EC Commission to seek trade concessions. An EC Commission official predicts tough going for the Czechoslovaks, who want help in increasing exports of glassware, footwear, ceramics, tractors, and other products. In April Hungary asked the EC for a trade agreement and raised the possibility of a free trade area and other preferential arrangements. Romania signed a limited trade arrangement with the EC in 1978.



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Comment: In the absence of any progress toward an EC-CEMA agreement, Moscow apparently has not opposed individual approaches by Prague and Budapest. Although Czechoslovakia's hard currency problems are less serious than those of other East European countries, Prague would like additional markets in the EC to increase export earnings. Czechoslovakia is less likely to win EC concessions than Hungary because of the EC's interest in giving the more politically moderate Hungarians special consideration.

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Special Analysis

PLO-SYRIA: Arafat Under Siege

Syria's expulsion of PLO chief Arafat from Damascus last week demonstrates President Assad's determination to gain control of the PLO and, if necessary, to oust Arafat. Although Arafat is trying to resist, most PLO fighters seem unlikely to engage in a civil conflict to keep him in power.

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Damascus is exploiting the rebellion in Arafat's Fatah group to bring the PLO under greater Syrian control. Assad probably wants to reduce Arafat's freedom of action in order to ensure that Syria has maximum flexibility on Lebanon.

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Assad believes that Syria should have the preeminent voice in the determination of PLO policy and has been angered by Arafat's frequent failure to consult fully with the Syrians. Arafat's criticism of the Syrian inaction during the Israeli siege of Beirut last year opened a serious rift between the two that was widened by the PLO chief's subsequent flirtation with a joint PLO-Jordanian approach to the peace process.

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The Syrians probably would not oppose Arafat's replacement by one of the leftist leaders. Damascus would see Arafat's fall as leading to a period of instability in the Palestinian leadership that would give Assad a chance to tighten his control over PLO policy.

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Arafat's Alternatives

Arafat has left almost no room for compromise with the Syrians. He has defined the PLO's choices as preserving his leadership and PLO independence or surrendering to Syrian domination. Syria and the Fatah rebels seem willing to let him remain in power only as a symbolic leader.

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The PLO chief is still playing for time and is prepared to risk fighting between his forces and the Syrians. He realizes, however, his forces could not hold out long in the face of Syria's vastly superior military power and its control of Fatah supply lines.

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Arafat probably hopes that the threat of an all-out PLO civil war will temper Syrian and rebel demands and bring Arab and Soviet pressure on Damascus to seek a compromise. Such pressure would have only marginal influence on Assad, if he is determined to oust Arafat. []

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Fatah forces in northern Lebanon are likely to put pressure on Arafat to reach an accommodation with the rebels, whose mutiny so far remains confined to units in the Bekaa Valley. Although the bulk of Fatah's fighters are reluctant to join the rebellion, there is widespread sympathy for the rebels' demands for administrative reforms and a return to emphasis on military action and collegial rule. []

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Most Fatah fighters would prefer that Arafat remain in power and that the PLO remain free of Syrian domination. They probably are unwilling, however, to fight a civil war to preserve a leadership whose policies are viewed as fundamentally flawed. []

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Other PLO Groups

Among the other seven PLO guerrilla groups, only one—an unimportant Iraqi puppet organization—has declared full support for Arafat. The Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine, the two most important groups after Fatah, and a small guerrilla group have given qualified support. Three groups support Syria and the Fatah rebels. []

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Popular Front leader Habbash and Democratic Front leader Hawatmah have tried to mediate between Arafat and Assad. They also are sympathetic to rebel grievances and have urged Arafat to settle the dispute by accepting most of the dissidents' demands. They fear, however, that Arafat's ouster would fragment the PLO, diminish its influence in Middle East and international affairs, and leave it vulnerable to total Syrian domination. []

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Given a choice of a military showdown between Syria and Arafat or agreeing to Arafat's departure, Habbash and Hawatmah probably would choose the latter. []

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No other PLO leader commands the popularity and political skills needed to maintain the degree of PLO unity that exists under Arafat. If he is killed or deposed, the organization's institutions are likely to remain intact, but real authority will rest with the guerrilla groups. Each will be more susceptible to Syrian guidance than a unified PLO led by Arafat. []

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If Arafat is killed, Fatah and PLO leaders will make a strong effort to select his successor through established mechanisms. The new Fatah leader would be likely to be elected as PLO chairman, because Fatah has the largest PLO fighting force. [redacted]

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The PLO probably would come under collegial rule while its leaders jockey for position. This disarray would be likely to continue for at least several months before a new leadership group consolidated its authority. [redacted]

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Moscow in a Bind

The Soviets have yet to react specifically to the expulsion of Arafat from Syria, although a *Pravda* article today refers to Arafat as the leader of Fatah and criticizes the use of illegal means to resolve political questions within that organization. According to news reports, Arafat acknowledged on Thursday that he received a letter from President Andropov—the third one in the past three weeks—but would not divulge its contents. Arafat said yesterday, however, that Moscow wants a quick end to the rift. [redacted]

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[redacted]

Moscow probably will try to skate around this problem by providing low-key support for Arafat. It hopes to preserve a united PLO independent of Syria and to focus Arab opposition against Israeli-Lebanese accord. The Soviets may believe that discreet support for Arafat will make him beholden to Moscow in the future but will not offend Assad. [redacted]

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Outlook

Syria is unlikely to be deterred from bringing the PLO under its control. Assad probably is willing to allow Arafat to remain in power if he acquiesces but is willing to force his ouster if he continues to resist. [redacted]

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With or without Arafat, the PLO will follow a more militant, pro-Syrian line. Its radicals will be eager to expand operations against the Israelis in Lebanon and probably also against Lebanese and US targets there. [REDACTED]

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In addition, the PLO will be willing to conduct terrorism against moderate Arab states. Syria probably will use its increased control over PLO terrorism as leverage to press the moderate Arab states for political and financial support. [REDACTED]

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